



**"IT'S THAT TIME OF YEAR AGAIN"**

## **Earned Income Tax Credit Information (EITC)**

The Earned Income Tax Credit or EIC lets working families with children and some workers without children pay less Federal income tax or get money back.

If you work and receive income from work in a tax year, you may be eligible for the Earned Income Credit. If so, you'll owe less in taxes, and you could get cash back. Even if you don't owe income tax, you can get the EIC!

**There are two ways to earn income to qualify:**

**Earnings from a business you own.**  
**Someone pays you for work you do.**

### **I. What income counts for Earned Income Tax Credit?**

<u><b>Yes</b></u>	<u><b>No</b></u>
<input type="checkbox"/> Salary	<input type="checkbox"/> TEA Payment
<input type="checkbox"/> Wages	<input type="checkbox"/> SSI
<input type="checkbox"/> Self Employment	<input type="checkbox"/> Food Stamps
<input type="checkbox"/> Military Pay and allowances	<input type="checkbox"/> Low-income housing
<input type="checkbox"/> Strike benefits	<input type="checkbox"/> Alimony
<input type="checkbox"/> Disability: long-term (employer paid)	<input type="checkbox"/> Social Security Benefits
<input type="checkbox"/> 401 (K)-type contributions	<input type="checkbox"/> Workers' Compensation
<input type="checkbox"/> Cash wages	<input type="checkbox"/> Workfare Payments

**You will not lose government benefits if you receive an EIC payment.**

Interest and unemployment checks ARE taxable income but are not considered earned income for EIC purposes.

### **II. Rules for Working Families with Children:**

You must have earned income during the tax year, which is less than the EIC maximum for families for that tax year. For example, if your earned income is less than \$31,030 and you have one qualifying child, your EITC could be as much as \$2,662. If your earned income is less than \$35,263 and you have more than one qualifying child, your EITC could be as much as \$4,400.

turn over please

Who is a qualifying child?

You must be able to check one blank in each of the 3 tests

- Child
  - ☐ son
  - ☐ daughter
  - ☐ adopted child
  - ☐ grandchild
  - ☐ stepchild
  - ☐ foster child
- How Old
  - ☐ under 19
  - ☐ under 24,  
full-time student
  - ☐ any age and disabled
- During the tax year, my child lived with me  
☐ more than 6 months

How Do I File for an EIC Refund?

**First:** File Form 1040A or Form 1040. Your tax return will show if you owe any taxes.

**Then:** File Schedule EIC to know your Earned Income Credit.

If your tax return shows: **Yes, You owe Taxes – You Can Subtract EARNED INCOME CREDIT-** You will Owe Less- OR Get Money Back !!!

If your tax return shows: **You owe NO Taxes – but you qualify for Earned Income Credit** – You will Get Money Back !!!

How can I Boost My Take Home Pay?

File W-5 with your employer to get some Earned Income Tax Credit with each paycheck, if you have qualifying children. File each year. This works best if you have steady work.

### III. Rules for Workers without Children

You must be at least age 25 but under age 65 on December 31, 2005, and have earned income of less than the EIC maximum for workers without children for that tax year. For example, to receive an EIC refund for tax year 2005, your earned income in 2005 must have been less than \$11,750. To get your earned income credit, you may file any tax form-including 1040EZ (Income Tax Return for Single and Joint Filers With No Dependents).

### IV. Child Tax Credit

The purpose of the Child Tax Credit (CTC) is to help workers raising children to receive refunds worth as much as \$1,000 for each child. Eligible families can now receive both the EIC and the new CTC refund if you worked in 2005. The EIC and CTC can reduce the amount of taxes owed. Eligible taxpayers can get cash back as a refund from IRS, even if they earned too little to owe income tax. You can claim the CTC by filing Form 8812 with your tax return.

**Need More Information?** Want to find out how you can get your tax forms filled out free? Call the IRS toll-free at 1-800-829-1040.